ALASKA STATE LEGISLATURE SENATE RESOURCES STANDING COMMITTEE

March 24, 2021 3:33 p.m.

MEMBERS PRESENT

Senator Joshua Revak, Chair

Senator Peter Micciche, Vice Chair

Senator Gary Stevens

Senator Jesse Kiehl

Senator Scott Kawasaki

MEMBERS ABSENT

Senator Click Bishop

Senator Natasha von Imhof

COMMITTEE CALENDAR

PRESENTATION: ENERGY 101 - ALASKA ENERGY AUTHORITY

- HEARD

HJR 12-ENDORSING ANWR LEASING; RELATED ISSUES

- MOVED SCS CSHJR 12 (RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 12

SHORT TITLE: ENDORSING ANWR LEASING; RELATED ISSUES

SPONSOR(s): REPRESENTATIVE(s) RAUSCHER

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	RES, STA
02/19/21	(H)	STA REFERRAL REMOVED
02/19/21	(H)	BILL REPRINTED
03/01/21	(H)	RES AT 1:00 PM BARNES 124
03/01/21	(H)	MEETING CANCELED
03/03/21	(H)	RES AT 1:00 PM BARNES 124
03/03/21	(H)	MEETING CANCELED
03/08/21	(H)	RES AT 1:00 PM BARNES 124
03/08/21	(H)	Heard & Held
03/08/21	(H)	MINUTE(RES)

03/10/21	(H)	RES AT 1:00 PM BARNES 124
03/10/21	(H)	Moved CSHJR 12(RES) Out of Committee
03/10/21	(H)	MINUTE (RES)
03/12/21	(H)	RES RPT CS(RES) 6DP 1DNP 2NR
03/12/21	(H)	DP: MCKAY, CRONK, RAUSCHER, GILLHAM,
		SCHRAGE, PATKOTAK
03/12/21	(H)	DNP: HANNAN
03/12/21	(H)	NR: FIELDS, HOPKINS
03/15/21	(H)	TRANSMITTED TO (S)
03/15/21	(H)	VERSION: CSHJR 12(RES)
03/17/21	(S)	READ THE FIRST TIME - REFERRALS
03/17/21	(S)	RES
03/24/21	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

CURTIS THAYER, Executive Director

Alaska Energy Authority

Anchorage, Alaska

POSITION STATEMENT: Delivered a presentation titled "Energy 101."

KIRK WARREN, Director of Engineering and Energy Development Alaska Energy Authority

Anchorage, Alaska

POSITION STATEMENT: Provided information during the Energy 101 presentation.

REPRESENTATIVE GEORGE RAUSCHER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of HJR 12.

JESSE LOGAN, Staff

Representative George Rauscher

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions and provided information during the hearing on HJR 12.

KARA MORIARTY, President and CEO

Alaska Oil and Gas Association (AOGA)

Anchorage, Alaska

POSITION STATEMENT: Testified on HJR 12 by invitation.

REBECCA LOGAN, CEO

The Alaska Support Industry Alliance

Anchorage, Alaska

POSITION STATEMENT: Testified on HJR 12 by invitation.

KATIE CAPOZZI, President and CEO

Alaska Chamber of Commerce

Anchorage, Alaska

POSITION STATEMENT: Testified on HJR 12 by invitation.

MARLEANNA HALL, Executive Director

Resource Development Council for Alaska

Anchorage, Alaska

POSITION STATEMENT: Testified on HJR 12 by invitation.

MATTHEW REXFORD, President

Kaktovik Inupiat Corporation; and

Tribal Administrator, Native Village of Kaktovik

Kaktovik, Alaska

POSITION STATEMENT: Testified on HJR 12 by invitation.

BERNADETTE DEMIENTIEFF, Executive Director

Gwich'in Steering Committee

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HJR 12.

DR. CHARLENE APOK, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HJR 12.

BARBARA HUFF TUCKNESS, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 12.

MARGI DASHEVSKY, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HJR 12.

JULIE SMYTH, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HJR 12.

NAURI TOLER, representing self

Eagle River, Alaska

POSITION STATEMENT: Testified in opposition to HJR 12.

MAX PLICHTA, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HJR 12.

ACTION NARRATIVE

3:33:34 PM

CHAIR JOSHUA REVAK called the Senate Resources Standing Committee meeting to order at 3:33 p.m. Present at the call to order were Senators Stevens, Kawasaki, Kiehl, and Chair Revak. Senator Micciche arrived during the course of the meeting.

PRESENTATION: ENERGY 101 - ALASKA ENERGY AUTHORITY

3:34:32 PM

CHAIR REVAK announced the first order of business would be an Energy 101 presentation from Curtis Thayer with the Alaska Energy Authority.

3:34:56 PM

CURTIS THAYER, Executive Director, Alaska Energy Authority (AEA), Anchorage, Alaska, began the presentation by providing background on AEA and what it does. He paraphrased slides 2 and 3 that read as follows:

WHO WE ARE

Created in 1976 by the Alaska Legislature, the Alaska Energy Authority (AEA) is a public corporation of the State of Alaska governed by a board of directors with the mission to "reduce the cost of energy in Alaska." AEA is the state's energy office and lead agency for statewide energy policy and program development.

WHAT WE DO

Railbelt Energy - AEA owns the Bradley Lake Hydroelectric Project and the Alaska Intertie. These assets benefit Railbelt consumers by reducing the cost of power

Power Cost Equalization - The Power Cost Equalization Program reduces the cost of electricity in rural Alaska for residential customers and community facilities.

MR. THAYER clarified that PCE does not apply to government buildings.

Rural Energy - AEA constructs bulk fuel tank farms, diesel powerhouses, and electrical distribution grids in rural villages. AEA supports the operation of these facilities through circuit rider and emergency response programs.

MR. THAYER added that while AEA and the state do not have a statutory responsibility to support the operation of the facilities in these 170 communities, they assumed a moral obligation to do so many years ago.

Renewable Energy - AEA provides renewable energy and energy efficiency grants, analysis, and expertise to benefit Alaskans. These include hydro, biomass, wind, solar, and others.

Grants and Loans - AEA provides loans to local utilities, local governments, and independent power producers for the construction or upgrade of power generation and other energy facilities.

MR. THAYER added that AEA is offering more loans through its power project loan fund as money from grants diminishes.

Energy Planning - In collaboration with local and regional partners, AEA provides critical economic and engineering analysis to plan the development of cost effective energy infrastructure.

MR. THAYER highlighted that AEA applied for and received a \$21 million bill grant through the Department of Transportation and Public Facilities (DOTPF) to support the Alaska Cargo and Port Storage project at the [Anchorage International Airport]. This is a \$210 million project, \$21 million of which is federal funds that will pass through AEA. He described this as thinking outside the box to help create 2,000 jobs in Anchorage, 200 of which will be full-time. He noted this was the largest bill grant awarded on the West Coast.

3:38:30 PM

MR. THAYER directed attention to the map on slide 4 that shows that AEA has ongoing projects spread throughout the state from Southeast to the North Slope to the end of the Aleutian chain. Among others, he specifically listed PCE communities, rural technical assistance, training, bulk fuel upgrades, heat pumps, heat recovery, solar, transmission, and hydroelectric. He noted

that AEA is in communication with close to 200 communities on a daily basis through either powerhouse bulk fuel or PCE.

3:39:07 PM

SENATOR STEVENS offered his belief that Kodiak Electric Association (KEA) started under AEA during the Four Dam Pool era. He asked if there were other electric energy programs like KEA that are no longer under AEA.

MR. THAYER answered that Kodiak does not fall under AEA. He said you are probably thinking about the grant funding that filtered through AEA from the legislature when Kodiak was shifting to renewable energy.

SENATOR STEVENS summarized his understanding that as communities grow and develop they can leave AEA.

MR. THAYER clarified that communities are never actually under AEA control. Rather, AEA serves as a conduit to assist communities; they are always treated as a partner.

3:41:01 PM

SENATOR KIEHL asked if he would follow up with a slide that shows the facilities and projects that AEA is actively pursuing. He referenced the key on slide 4 and said he is a huge supporter of PCE but he does not think of it as a project, and he knows some of the biomass projects have been on hold for years.

MR. THAYER answered that PCE could be removed from the key but other than that, the slide reflects current projects and the 194 communities AEA engages with monthly on PCE.

CHAIR REVAK offered that Senator Kiehl was referring to the construction-type projects.

 $\ensuremath{\mathsf{MR}}\xspace$. THAYER committed to work with Senator Kiehl to answer his questions.

MR. THAYER returned to the presentation and paraphrased the definition and examples of "energy," "energy units," and "power and energy" provided on slides 5-8. He cited Bradley Lake as an example of a supply of energy. He explained that the diversion project AEA recently completed to put more water into the lake does not increase the 120 megawatts of generation, but the increased capacity of the lake allows the power to be generated over more months of the year.

3:44:11 PM

MR. THAYER directed attention to the pie graphs on slide 9 that compare the U.S. energy profile to the energy profile in Alaska. In the U.S., 70 percent of the power comes from oil and gas and in Alaska that is 65 percent. In the U.S., 11 percent of the energy comes from coal, whereas it is just 6 percent in Alaska. In the U.S., 9 percent of the energy comes from renewables and that is just 2 percent in Alaska. In the U.S., 2 percent of the energy comes from hydroelectric, whereas 27 percent of the energy in Alaska comes from hydroelectric. He noted that Kodiak generates nearly 100 percent of its energy from hydroelectric and nearly 95 percent of the energy in Southeast comes from hydroelectric. In the U.S., 8 percent of the energy comes from nuclear, but it plays no role at all in Alaska.

MR. THAYER mentioned the interest in the proposed Susitna-Watana dam and advised that if it were operational today, that single project would more than double the states renewable portfolio.

3:45:44 PM

SENATOR STEVENS asked why hydroelectric is not considered renewable.

MR. THAYER deferred the question to Mr. Warren.

3:46:07 PM

KIRK WARREN, Director of Engineering and Energy Development, Alaska Energy Authority, Anchorage, Alaska, explained that the impetus for the division is that hydroelectric projects are very capital intensive and thus would be at a disadvantage if they had to compete for funding on a national basis with smaller renewable energy projects.

SENATOR STEVENS asked if that is a disadvantage for Alaska.

MR. THAYER replied it has not been a concern when AEA worked to get a FERC license for hydroelectric projects in Alaska.

3:47:27 PM

MR. THAYER displayed a map of the lower Kenai Peninsula that shows the multiple utilities all of which are in the Railbelt market. He pointed to the Bradley Lake Hydroelectric Project transmission line that runs through Homer Electric territory and the Soldotna to Quartz Creek line into the Chugach Electric system to Anchorage where the NEA transmission lines take the power to Willow and Healy then into Golden Valley lines in Fairbanks. AEA meets with these utilities regularly and as a

neutral party was able to resolve an issue all the utilities shared with the [Sterling Substation and the Quartz Creek Substation] SSQ Line.

3:49:09 PM

MR. THAYER paraphrased the bulleted points on slide 12 about the Bradley Lake Hydroelectric Project. The slide read as follows:

- Benefits 500,000+ members of Chugach Electric Association, City of Seward, Golden Valley Electric Association, Homer Electric Association, and Matanuska Electric Association
- Produces ~10% of Railbelt electricity at 4.5 cents/kWh or ~54,400 homes/year

He advised that the cost of Bradley Lake power is about half that of natural gas generation, which is why AEA continues to look at ways to monetize that and benefit the consumer.

• Over \$20 million in savings per year to Railbelt utilities Bradley Lake versus natural gas

MR. THAYER paraphrased the bulleted points on slide 13 about the West Fork Upper Battle Creek Diversion. The slide read as follows:

- Project cost \$47 million, will add ~10% energy or ~5,100 homes in a year
- Substantial completion on July 2020
- Project diverts runoff from Battle Creek into Bradley Lake expanding the state's largest hydroelectric facility
- Includes three miles of road, concrete diversion dam, and a five-foot diameter pipeline under the road to carry water from its source to Bradley Lake

He highlighted that the engineering on this project has won national awards and is a real feather in the cap to AEA and the utilities. He commented on the potential for another diversion to further increase the energy into Bradley Lake.

• More energy at lower cost can be produced and delivered to ratepayers

3:51:44 PM

MR. THAYER reminded the committee that the SSQ transmission line, which is in the Homer Electric service area, burned during the Swan Lake Fire and lay dormant for four months. He said the estimated cost to create additional generation from natural gas cost ratepayers north of Homer more than \$12 million. In addition, there was ongoing litigation among all five of the utilities that amounted to \$4-5 million. AEA stepped in and resolved the issue by purchasing the line for about \$17 million as required project work from the power sales agreement of Bradley Lake. AEA is currently working with the utilities to reduce line loss and upgrade the 75 megawatt line from Homer into Southcentral so both Homer Electric and Golden Valley consumers benefit from the 4.5 cent power.

3:53:34 PM

MR. THAYER turned to slide 17 and explained that the Alaska Intertie is a 170 mile transmission line from Willow to Healy. It allows Golden Valley Electric Association (GVEA) to connect to and benefit from lower cost power in the Railbelt, primarily from natural gas and hydro power from Bradley Lake. Between 2008 and 2018, the intertie saved GVEA customers approximately \$40 million per year. He also commented on the widespread benefits of the PCE endowment.

MR. THAYER discussed the benefits that Power Cost Equalization provides to rural Alaska.

 Power Cost Equalization (PCE) provides electric power to rural residential customers and community facilities at costs similar those in Anchorage, Fairbanks, and Juneau

He noted that the first 550 kilowatts of power is 21-22 cents per kilowatt as opposed to more than \$1 per kilowatt without PCE.

- 194-eligible communities see the benefits of PCE credits
- In Fiscal Year 2020, \$29.6 million was disbursed
- PCE Endowment Fund created [and] capitalized in Fiscal Year 2001 now ~\$1.1 billion

MR. THAYER advised that the PCE statute is designed such that the first tranche of earnings, which is about \$30 million, goes to the PCE endowment and the second goes to community assistance. Should there be additional funding, up to \$25

million can go back into AEA for renewable energy or powerhouse upgrades or the Division of Community and Regional Affairs' (DCRA) bulk fuel program. He acknowledged that only once in the last five years were earnings such that renewable energy programs and powerhouse upgrades could be funded.

3:56:44 PM

CHAIR REVAK welcomed Senator Micciche to the meeting.

SENATOR STEVENS asked for a short history of the Four Dam Pool and creation of Power Cost Equalization.

MR. THAYER offered to follow up with the information.

SENATOR STEVENS said many of the communities in his district depend on PCE and he was looking for information to support his argument that the growing PCE fund serves a valid purpose and should not be raided.

MR. THAYER restated his commitment to provide the information. He then highlighted that the state's investment in the Intertie saves Golden Valley in Fairbanks \$40 million a year and PCE is \$30 million per year. He opined that people should look at it from both perspectives; the benefit of the PCE endowment and that the investment in infrastructure has led to ongoing savings to people in urban areas.

3:59:51 PM

SENATOR KIEHL asked him to add information about the Railbelt Electric Fund.

MR. THAYER agreed and said he would also include the report that AEA prepared several years ago in response to a request from Senator Coghill.

4:00:38 PM

SENATOR MICCICHE commented that to understand the equity that came about with PCE it is important to include information about the Cook Inlet Recovery Act. It led to significant investment in natural gas supplies for Southcentral Alaska and provided energy opportunities from Fairbanks up the Railbelt.

MR. THAYER replied it was a good point.

4:01:31 PM

MR. THAYER directed attention to the Digital Twin 3D model video on slide 21 and explained that over the last 12 months AEA has

used this technology to do an inventory and assessment of all the powerhouses in PCE communities in rural Alaska. A utility worker in Anchorage can zoom in and work with the operator in a rural community to diagnose and resolve any issues. He noted that the powerhouse on display is one of the larger ones in rural Alaska. The majority are 14 by 46 foot structures built in Anchorage by private contractors and shipped to the rural location.

4:02:44 PM

MR. THAYER paraphrased the bulleted information on slide 22 to describe the Rural Power System Upgrades.

- ~197 communities eligible for Rural Power System Upgrade (RPSU)
- Goal improve power system efficiency, safety, and reliability
- Aging infrastructure and Operation and Maintenance

He described the picture on the upper left as what a new powerhouse ought to look like. The picture below shows a powerhouse in the process of getting replacement generators.

- Active projects 7 full and 16 Maintenance and Improvement/Diesel Emissions Reduction Act
- Deferred maintenance \$327 million

4:05:13 PM

MR. THAYER displayed the roster of RPSU projects that require funding and explained that AEA has requested \$5 million to fund the projects in [Napaskiak, Nelson Lagoon, Nikolai, and Rampart]. The communities of [Beaver, Buckland, Chefornak, Chenega Bay, Chuathbaluk, Crooked Creek, Elfin Cove, and Golovin] are next on the priority list and all need new powerhouses. He noted the potential for a \$12.5 million federal match and advised that in the last five years the state has left close to \$50 million in federal funding on the table because it was not able to come up with the match.

MR. THAYER turned to slide 24 and reported that the goal for the more than 400 bulk fuel facilities in rural Alaska is to make them code compliant and prevent spills and contamination. These facilities have aging infrastructure and many are subject to erosion. He compared the pictures of new bulk fuel tanks to a

-11-

group of older rusted tanks and highlighted that some of the containment barriers are made of plywood that now is rotten. AEA is working with the Coast Guard in a regulatory effort to assess and prioritize projects. Currently there are 8 active projects and 18 ongoing maintenance and improvement projects, but the state has not funded any of these for the last three years. The deferred maintenance on bulk fuel facilities in rural Alaska is \$800 million.

4:07:23 PM

MR. THAYER stated that AEA has requested \$5.5 million for FY2022 to leverage \$7.5 million for bulk fuel facility upgrades for Ekwok, Marshall, and Shageluk. He reiterated that for the third year this program has not been funded and the maintenance backlog is getting worse. The Denali Commission and others are willing to pay the 50 percent match, and in some cases the 80 percent match, but the state has to participate, he said. Next in line for bulk fuel upgrades are [Minto, Noatak, Nondalton, Shungnak, Togiak, and Tuluskak] and the intention is that they will look like the picture on slide 24.

4:08:12 PM

CHAIR REVAK asked him to provide further explanation of the \$50 million the state has left on the table in the last five years.

MR. THAYER responded that over the last five years different agencies have requested state funding to provide the match for federal funding, but for one reason or the other the state has not done so. He said the match for AEA was close to \$20 million to leverage the \$47 million. He offered to provide information about AEA over the past five years that shows the years it received funding and what the budget requests were. He said he does not know why but one year AEA had money for the state yet the legislature did not authorize receiving the federal match. He said his interest is to maximize the federal portion of the work.

MR. THAYER conveyed that the Renewable Energy Fund (REF), which helps Alaskans reduce and stabilize the cost of energy, has funded nearly \$270 million in projects statewide. There are 99 operational projects and 27 are in development. The Round 13 recommendations from 11 applicants were submitted to the legislature in January 2021. This program will sunset on June 30, 2023 and AEA is asking for the \$6.5 million that is in the fund to be reappropriated for use by the applicants from the past two years.

MR. THAYER directed attention to the picture on slide 28 of the state's largest solar farm in Willow that was primarily funded with the Power Project Fund (PPF). He noted that AEA also funded the largest wind project in the state outside of Fairbanks, and one of the largest hydroelectric projects in the state on Prince of Wales Island. Today, AEA awarded \$2 million to Galina leaving \$8.7 in uncommitted cash that may be used on 3-4 pending applications. AEA also recently made a cogeneration loan to the independent power producer Baxter Senior Living in Anchorage. He said the PPF offers low interest loans to encourage innovative power projects, which is what the legislature intended.

4:12:16 PM

MR. THAYER advised that he would conclude the presentation with a discussion about Susitna-Watana. He began with a 1.5 minute video that simulates the project that has been in the works for 40 years. He reviewed the following specifications for the Susitna-Watana Hydroelectric Project:

- Dam Height 705 feet
- Dam Elevation 2,065 Feet MSL
- Reservoir Length ~42 miles
- Reservoir Width ~1.25 miles
- Maximum Installed Capacity 618 MW
- Annual Energy 2,800,000 MWh or ~389,000 homes
- Cost ~\$5.655 billion (2014\$)

He noted that this one project would change the state's energy production to 60 percent renewable. He further noted that the cost estimate does not include upgrading transmission lines from Susitna north into Fairbanks and south into Anchorage.

MR. THAYER reviewed the 2014-2015 economics of the Susitna-Watana project:

- Benefit-Cost and Economic Impact Analyses completed in 2015
 - Based on 2014 projection of natural gas prices:
 - Benefit-cost ratio of 2.39 from energy savings alone
 - \$11.2 billion (2014\$) in energy savings over first 50 years
 - \$4.7 billion (2014\$) in capital and O&M costs over first 50 years

MR. THAYER reminded the committee that Governor Walker put the project in abeyance and Governor Dunleavy took it out of suspension. He reviewed the status of Susitna-Watana outlined on slide 33, which read as follows:

- Integrated Licensing Process
- 2/3 of the way done; \$193 Million invested
- Cost to complete ~\$100 million for license
- 58 FERC-approved studies:
 - Implemented 2012-2017
 - 19 studies completed
 - 39 significant progress made
- Initial Study Report filed with FERC

4:17:15 PM

MR. THAYER concluded the presentation saying that the capacity of Bradley Lake must be increased to accommodate the Soldotna to Quartz Creek line; AEA is looking at upgrading and stabilizing the grid with batteries; and raising the spillway at Bradley Lake about 7 feet will level the seasonal peaks and valleys.

CHAIR REVAK asked him to return sometime in the future to talk exclusively about the Susitna-Watana project.

MR. THAYER replied he would be happy to do that and bring Bryan Carey, the hydro expert and a manager on the project.

4:19:03 PM

SENATOR STEVENS asked how Bradley Lake compares to Susitna-Watana.

MR. THAYER answered Bradley Lake has a capacity of 120 megawatts and Susitna-Watana has a capacity of about 620 megawatts or five times larger.

4:19:40 PM

SENATOR MICCICHE asked if he agrees that Bradley Lake provides about 10 percent of the energy for the Railbelt and adding Susitna-Watana would bring the energy production from hydroelectric to 75-80 percent.

MR. THAYER answered yes.

SENATOR MICCICHE asked, in the interest of moving away from diesel power, if the state has looked at using local resources to develop small local utilities that could be run by local

Alaskans and provide electricity for a village, small mine, or fishing enterprise. He cited the example of a village sitting on a small coal seam that is not commercially viable, but could meet local needs.

4:21:06 PM

MR. THAYER answered not coal seams, but AEA is always looking at ways to introduce renewables into a power grid in rural Alaska. He added that quite a few communities in Southeast are looking at the possibility of hydropower from either run of river or a dam. This has been more successful than solar, wind, and tidal but all such efforts are subject to the budget situation.

SENATOR MICCICHE offered his view that local opportunities to develop conventional gas has been bypassed even though it is a viable option in many communities. "A small sputtering gas well in a community of 3-or 400 is a reality, and I think it is something we need to think about." He also asked if AEA was looking at the potential to use ISO tanks to supply small villages, fish processing facilities, and mines with natural gas at an affordable price.

MR. THAYER replied AEA has looked at such opportunities when the capital budgets were larger. Currently they have an engineer who is researching small nuclear and they are ready to provide the technical expertise if somebody were to ask for help on a project.

SENATOR MICCICHE suggested he consider the potential for natural gas in rural Alaska.

4:24:47 PM

CHAIR REVAK thanked the presenters and AEA generally for what it does to help bring the cost of energy down in Alaska. He offered his belief that the economies of scale Alaska will need in the future will rely on cheaper commercial and residential energy.

HJR 12-ENDORSING ANWR LEASING; RELATED ISSUES

4:25:25 PM

CHAIR REVAK announced the consideration of CS FOR HOUSE JOINT RESOLUTION NO. 12(RES), urging the United States Department of the Interior, Bureau of Land Management, to honor the recent lease sales and proceed with permitting in the Arctic National Wildlife Refuge; urging the President of the United States to defend the 2020 Record of Decision approving the Coastal Plain Oil and Gas Leasing Program in the Arctic National Wildlife

Refuge; opposing designation of the Arctic National Wildlife Refuge as a National Monument; and urging the Alaska delegation in Congress to uphold sec. 20001 of the Tax Cuts and Jobs Act of 2017.

4:26:09 PM

REPRESENTATIVE GEORGE RAUSCHER, Alaska State Legislature, Juneau, Alaska, sponsor of HJR 12, stated this resolution requests the continuation of the oil and gas development program in the Arctic National Wildlife Refuge (ANWR) that was recently put on hold. When the Alaska National Interests Lands Conservation Act (ANILCA) became law in 1980, Congress reserved the right to permit oil and gas development in the [1002 area] of the Coastal Plain of the refuge. Withing days of the first lease sale in January 2021, he said President Biden placed the entire leasing and development program on hold. HJR 12 urges this action to be reversed.

REPRESENTATIVE RAUSCHER relayed that the resolution asks the Bureau of Land Management (BLM) to honor the recent lease sales and proceed with permitting in the 1002 area of ANWR. It requests the agency take into account the long history of safe and responsible oil and gas development on the North Slope as well as the enormous benefit development in ANWR could bring to North Slope residents, the state, and the nation.

REPRESENTATIVE RAUSCHER said HJR 12 further states that the Alaska State Legislature opposes any effort to employ the Antiquities Act to designate ANWR as a national monument. It beseeches President Biden to consult and engage in these important decisions and immediately rescind the provisions of Executive Order 13990 pertaining to ANWR.

REPRESENTATIVE RAUSCHER offered his belief that this is both a states' rights issue as well as a jobs issue because development within the refuge could create tens of thousands of jobs across the country and thousands of jobs within Alaska.

4:29:15 PM

SENATOR STEVENS asked how the Antiquities Act factors into lease sales in ANWR.

4:29:31 PM

JESSE LOGAN, Staff, Representative George Rauscher, Alaska State Legislature, Juneau, Alaska, explained that the portion of the Antiquities Act that the resolution is questioning allows national monuments and protected lands to be established by executive order, without congressional action.

4:29:54 PM

SENATOR KIEHL asked: 1) for the source of the data in the WHEREAS clause on page 2 that predicts the number of jobs at peak employment, and 2) when the numbers were collected.

MR. LOGAN answered it is 2018 data from the International Energy Agency (IEA) and the Alaska Oil and Gas Association (AOGA).

SENATOR KIEHL asked if the data reflects the scale and pace of development that is likely from the entities that won the bids in the recent lease sales.

MR. LOGAN answered not necessarily; the numbers are estimates based on a 4:1 multiplier effect that is assumed for each oil and gas industry job both in Alaska and across the nation. The base was the assumed development in ANWR for the next 20 years.

4:31:19 PM

SENATOR KAWASAKI asked what additional provisions are part of Executive Order 13990 and what the final FURTHER RESOLVED clause seeks to accomplish.

MR. LOGAN replied he believes it was Section 1003 of the EO that placed a temporary moratorium on the development of oil and gas leases that had been issued in ANWR. He offered to provide a copy of the EO to the committee.

SENATOR KAWASAKI asked if the moratorium on the current lease sales had an end date or was open ended.

4:32:17 PM

MR. LOGAN answered there was no end date on the moratorium that applied to lease sales and permitting. He noted that

another section of the EO directed the Department of Interior to review all Environmental Impact Statements (EIS) from the previous administration.

SENATOR KAWASAKI asked if there was an estimate of how long the review of the existing Environmental Impact Statements would take.

MR. LOGAN answered he was not aware of any such estimate.

SENATOR KAWASAKI suggested that if the resolutions moves forward the COPIES section should be conceptually amended to reflect that Deb Haaland is the Secretary of the Interior.

4:33:19 PM

SENATOR KIEHL questioned the last WHEREAS clause on page 2 that says, "the exploration and extraction of oil and gas has not been shown to contribute significantly to increased greenhouse gas emissions;". He pointed out that the transportation sector accounts for more than one-third of greenhouse gas emissions and it is all oil.

MR. LOGAN answered that the clause is referring to the extraction of the hydrocarbon, not the consumption. He added, "By sector, the extraction of hydrocarbon oil and gas in Alaska contributes 0.7 percent of the U.S. global greenhouse gas emissions. So one-half of that is contributed to the sector of extraction, so [0.035] percent."

4:34:32 PM

CHAIR REVAK asked if he was specifically referring to extraction.

MR. LOGAN answered yes.

REPRESENTATIVE RAUSCHER pointed to the words "exploration and extraction" on page 2, line 31.

SENATOR KIEHL commented that he would need to check his Econ 107 textbook to understand what an increased supply of a marginally fungible commodity does to consumption.

4:35:12 PM

SENATOR MICCICHE commented that the last he checked, Alaska produced fewer greenhouse emissions from exploration and production of hydrocarbons than any other state, so this is the best it gets. He suggested the resolution could have mentioned that because making it difficult to produce hydrocarbons in the most tightly regulated regime on the planet pushes production off to places like Russia that does not compare environmentally regardless of the metric used in the calculation.

REPRESENTATIVE RAUSCHER agreed and thanked him for the comment.

4:37:23 PM

SENATOR STEVENS asked what happens if the leases are made unavailable.

MR. LOGAN replied he does not know, but on March 21 Alaska joined 12 other states in a lawsuit against the Biden Administration for canceling leases in NPRA, ANWR, and coastal areas in the Lower 48.

SENATOR MICCICHE said he believes there is a fairness issue when companies work for decades and invest hundreds of millions of dollars to get a lease only to have an executive order suddenly stop the process at the finish line. He expressed hope that the matter would end up at the U.S. Supreme Court with a finding that once a company gets the lease, the game is over.

4:40:36 PM

At ease

4:41:20 PM

CHAIR REVAK reconvened the meeting. He opened public testimony on HJR 12 and stated he would start with invited testimony.

4:41:41 PM

KARA MORIARTY, President and CEO, Alaska Oil and Gas Association (AOGA), Anchorage, Alaska, stated that with passage of ANILCA in 1980, the Arctic National Wildlife Refuge was expanded to 19 million acres, with over 90

percent of the region permanently protected as wilderness. However, Section 1002 of ANILCA specifically states the intent for future oil and gas development on the Coastal Plain.

MS. MORIARTY stressed that the oil and gas industry has an excellent decades-long record of safe, effective, and environmentally responsible development in Alaska, particularly in the Arctic. She also pointed out that development does not occur the way it did years ago and technology continues to decrease the footprint. For example, a typical oil pad on the North Slope used to be 65 to 70 acres compared to the newest drilling pads that are 12 to 14 acres.

MS. MORIARTY described development of the Coastal Plain as a long-term process that will be good for the country. She predicted that the demand for oil and gas will continue for the next 30 to 40 years, and will build upon the jobs and revenues the industry has contributed to the state for decades.

4:43:50 PM

SENATOR STEVENS asked what interest industry has in this area, who bid on the leases, how much, and what happens if the leases cannot be used.

MS. MORIARTY replied AOGA members did not participate in the January lease sale; it was dominated by the Alaska Industrial Development and Export Authority (AIDEA), the State of Alaska, and small entities interested in oil and gas. However, she said this does not mean that traditional industry players in the state do not have a long-term interest in the Coastal Plain. Negative oil prices, supply, and cash flow contributed to make 2020 a very challenging year and that continues for both small and large companies. Furthermore, there is a lot of regulatory uncertainty with the new administration. Responding to the question about what happens if the leases are developed, she said she would need to discuss this with the Department of Interior. She concluded that development of an exploratory field like the Coastal Plain will easily take 10 to 12 years, and ANWR may come back into industry's purview in 15 years when the demand is still there.

4:47:16 PM

SENATOR KAWASAKI asked exactly what Executive Order 13990 did.

MS. MORIARTY answered that the Biden Administration issued three EOs within a week. One placed an indefinite moratorium on ANWR, one placed a 60-day moratorium on leases, and she did not recall what the third did. She offered to follow up with the information.

SENATOR KAWASAKI summarized her response.

MORIARTY restated her answer and offered perspective that it how was not clear the Biden plans to do business Administration on leasing permitting on federal lands, but there have been strong statements about ensuring that ANWR does not move forward.

4:49:46 PM

SENATOR MICCICHE asked for a brief description of the public process over the past four decades before the oil lease sale was approved.

MS. MORIARTY explained that after the Tax Cuts and Jobs Act of 2017, an EIS process started in 2018, the record of decision came out at the end of 2020, and the lease sale was in January 2021. The process included a draft EIS, two rounds of public comment, a final EIS and the record of decision.

SENATOR MICCICHE said he understands and respects environmental challenges on the use of public lands, but he sees the recent challenges as philosophically motivated rather than environmental. He asked if she would agree.

MS. MORIARTY replied she believes there are challenges and opposition in both camps. Some are based on care for the environment, but there is also a growing philosophical difference about where energy the country's energy should come from and how fast it should come from different sources.

CHAIR REVAK invited Rebecca Logan to provide her testimony.

4:54:00 PM

REBECCA LOGAN, CEO, The Alaska Support Industry Alliance ("Alliance"), Anchorage, Alaska, stated the mission of the promote responsible is to exploration, development, and production of oil, gas, and minerals for the benefit of all Alaskans. She advised that she would testimony hiahliaht aspects of the written two submitted. The first is that the energy sector has yet to see evidence that the dire job situation in Alaska recovering. Alliance member companies have been severely affected since 2015. She reported that there were 15,000 jobs in the industry 11 years ago and today there are just 7,000. She emphasized that more resource development jobs are needed for Alaska to return to a healthy employment environment.

MS. LOGAN stated that the Alliance strongly believes that Alaska can explore for, develop, and produce oil and gas in a more careful, safe, and environmentally sensitive manner than anyone in the world. In fact, the industry has recognized Alaska as a training ground for minimizing the impact and footprint associated with oilfield development. She cited previous development across the North Slope as proof that it is possible to develop and produce oil and gas from the Coastal Plain of ANWR with minimal impact and a small footprint.

4:56:19 PM

CAPOZZI, President and CEO, Alaska Commerce ("Alaska Chamber"), Anchorage, Alaska, thanked the committee for inviting the Alaska Chamber to testify on HJR 12. She reported their mission is to promote a positive environment in Alaska, and as such enthusiastically endorse HJR 12. For the Alaska vears Chamber's top federal priority has been to exploration and development of oil and gas in Alaska's federal areas and to encourage the legislature to strongly advocate for the same. Developing the 1002 area in ANWR would provide great economic opportunity for Alaska. reported that the Alaska Chamber's statewide polling shows that a majority of Alaskans have supported opening a small portion of ANWR to oil and gas development for decades.

4:57:40 PM

MARLEANNA HALL, Executive Director, Resource Development Council for Alaska (RDC), Anchorage, Alaska, stated strong support for HJR 12 as it supports the oil and gas lease program that will allow limited activity within the non-wilderness portion of the Coastal Plain of ANWR. This resolution describes measures to address ANILCA and the intent to preserve areas in the Coastal Plain for oil and gas development. She said this will create thousands of jobs nationwide, generate billions of dollars in government revenue for public services, and promote energy security for decades. Alaskans and the rest of the U.S. will benefit from this development. She concluded her testimony assuring the committee that the RDC membership has long supported exploration and development of oil and gas in the Coastal Plain of ANWR.

4:59:10 PM

MATTHEW REXFORD, President, Kaktovik Inupiat Corporation; and Tribal Administrator, Native Village of Kaktovik, Kaktovik, Alaska, stated support for HJR 12 that opposes the designation of ANWR as a national wildlife refuge. He said Kaktovik is the only community inside the Coastal Plain area of ANWR and his testimony will reflect the anger he and his community are feeling. They want the legislature and people elsewhere in the state to be angry too. He said the Inupiat People work to resolve conflict, work together, and value humility, so to become angry is extraordinary. He continued to state the following:

Last week the Washington Post published an opinion article that is a continuation of the onslaught that my community has been subjected to by the Gwich'in Steering Committee who have been trying to erase the Inupiat from the lands we have lived on for thousands of years in the name of racial justice and human rights. The article titled, "Indigenous Advocacy Transformed the Fight over Oil Drilling in the Arctic Refuge" is a slap in the face to my people. Nowhere does the article mention the Inupiat People or Kaktovik, not once. This is the same experience we had with Congress in 2019 and the introduction of the bill HR 1146 "Arctic Cultural titled, and Coastal

Protection Act" which was characterized as human rights legislation, but failed to even mention our people. It is appalling that our own U.S. Congress tried to eliminate us through legislation.

September 2020 we found that the Gwich'in Steering Committee approached the United Nations the Elimination on of Discrimination, claiming they were racially discriminated against by the U.S. government the Coastal Plain Environmental Statement (EIS). Like the Washington Post article of last week, neither HR 1146 nor the Gwich'in Committee's complaint to the Steering mentioned the Inupiat or Kaktovik.

Can you imagine what this feels like to my people? And where do we get help fighting this? We're a small community of 700 people on the northern shore of Alaska. We do not have the same resources supporting us. We do not have the millions of dollars that the environmental groups provide to the Gwich'in in a clear effort to erase our existence. We are mad.

We have endured being removed from our homeland many times since the 1940s when the U.S. Airforce bulldozed and forcibly moved our village, not once but two times over a time period of ten years, for a distance early warning site on Barter Island. The Kaktovik People specifically chose the current site of Kaktovik for the third and final relocation.

My forefathers were subjected to iodine radiation and cold weather studies by the military in an effort to understand how we could withstand living in the harsh Arctic climate we call home. We never received an apology, reparation, or restitution for all the hardships we faced with our new neighbors.

The Alaska Native Claims Settlement Act of 1971 as amended, known as ANCSA, was supposed to allow our

Kaktovik Inupiat Corporation or (KIC) the economic freedom to develop its land to benefit our community. While our leadership was the only Native group to speak out against ANCSA when the Act passed, we again tried to make it work, the oil qas industry inviting and into community and establishing an economy that has allowed our people to flourish for decades. fact, the only well drilled inside ANWR was drilled on KIC land. Unfortunately, our economic short-lived freedoms were and we lost those freedoms under the next piece of federal legislation, the Alaska National Interest Lands Conservation Act of 1980, as amended, known as ANTICA.

This Act compromises KIC's ability to access and develop its lands. Kaktovik did not want to be an island in the middle of a refuge, but it happened anyway. Having lived in the refuge since the passage of ANILCA, I'm here to tell you that life has been difficult. And the federal management agency has not performed its duty to our community as required by law. We would not expect that to change if ANWR was designated a national monument. In fact, we would expect to see our rights further restricted.

I want to be clear to the committee today that passage of this resolution is not going to affect or change the national opinion of ANWR. Not only if you start fighting the falsehoods that the Gwich'in Steering Committee has been so successful in presenting.

My community of Kaktovik does what it can to counter the perception that the Coastal Plain is only sacred for caribou. The Coastal Plain is sacred to the Kaktovikmiut. Our ancestors are buried here and our children grow up here. To be clear, the Gwich'in Steering Committee is not a tribe. They are an advocacy group based in Fairbanks, Alaska, which is over 400 miles away from our village. It is the Inupiat who hold these

lands as sacred. See the attached map for reference of distances to this testimony.

This fight has been relentless and I am here today at your invitation to support your opposition in turning ANWR into a national monument. By passing HJR 12, you are supporting Kaktovik, and for our community that is important. You will have many speak on the importance of oil and gas to our national security and economy and that we need jobs. While all of that is true, until you help us fight the rhetoric that the Gwich'in Steering Committee is sowing nationally and internationally, then this joint resolution won't mean much.

I implore this committee to officially recognize Kaktovik as the only community in the Coastal Plain and the Inupiat as those who have occupied it for thousands of years. But just acknowledging us is not enough. Today I ask this committee to take action to prevent further discrimination of the Kakovikmiut. I'm asking for a bill that makes it illegal for a tribe to assert false lands claims over another tribe's lands. I'm asking for a bill that makes it illegal for a tribe to assert false lands claims over another tribe's lands. Please provide us with some relief from this assault. This is our homeland and we are not going anywhere.

The Kaktovik Inupiat strongly support responsible development to secure an economic future for our people. Simply pretending the Inupiat do not exist is alarming and offensive. Claiming our land belongs to another tribe should be illegal, and this committee can help.

We are angry and I hope that you are now angry along with us. I request that you support HJR 12. I ask that you consider legislation that prevents other tribes from suffering at the hands of their neighbors by addressing false land claims. And I ask that you fight and then fight with the people

of Kaktovik for the rights we were guaranteed so many decades ago.

CHAIR REVAK thanked him for the moving testimony and requested he submit it in writing.

5:07:19 PM

SENATOR MICCICHE thanked him and said his moving testimony was very well received.

5:07:53 PM

CHAIR REVAK turned to public testimony on HJR 12.

5:08:32 PM

BERNADETTE DEMIENTIEFF, Executive Director, Gwich'in Steering Committee, Fairbanks, Alaska, stated that there is no intention to insult the Inupiat as they have been partners, brothers, and sisters on this land for thousands of years. She explained that the Gwich'in Steering Committee does not mention the Inupiaq because they only speak for themselves, not other tribes. She said we all migrated to this land at one time and the Creator blessed the people with the land to caretake, not to see what they could get out of it. She said the animals that migrate through the Coastal Plains directly affect our way of life. They have had a cultural and spiritual connection to the Porcupine caribou herd since time immemorial.

She pointed out that people who really believe that the refuge is sacred would not drill for oil on it because there is no safe way to drill. Prudhoe Bay is evidence of this. She said we are worried about the future of our children and their survival. She concluded her comments stating that "We are not going anywhere and we are not going to allow anybody into our sacred land for money."

5:11:36 PM

DR. CHARLENE APOK, representing self, Anchorage, Alaska, identified herself as Inupiaq. She stated she has a masters' degree in rural development and a PhD. in indigenous studies focused on circumpolar health. She said she was calling to oppose the lease sales and oil development in the Arctic National Wildlife Refuge (ANWR). The environmental impact statements have been inadequate

and government-to-government consultation has been lacking. She said corporations are not people and the people from Kaktovik have not and will not benefit if ANWR is developed. Money and profits have left the state or benefited people who are not in the Alaska Native community.

DR. APOK said the poverty rates and health disparities that Alaska Natives face are a direct reflection of the inequitable development in Alaska. She agreed with the earlier statement that this is a fairness issue because proper stakeholders have not been heard or engaged. She said the health of the people is directly tied to the health of the land, and the health disparities will continue if HJR 12 goes forward. To the earlier question about whether this was a philosophical or environmental issue, she said they are the same.

5:14:02 PM

BARBARA HUFF TUCKNESS, representing self, Anchorage, Alaska, stated support for HJR 12. She maintained that it is a fairness issue for everyone who lives and works in She thanked the sponsor for highlighting the Alaska. issue that should be debated parts of the throughout this process. She shared that she is a retired Teamster who worked directly and indirectly for the oil and gas industry for many years. She wants to see the economy continue to grow in a safe and environmentally productive way and she believes that honoring the lease sales and proceeding with permitting in the non-wilderness portion of ANWR is the right thing to do.

5:16:06 PM

MARGI DASHEVSKY, representing self, Anchorage, Alaska, stated she was calling to oppose HJR 12. She opined the resolution contains factual inaccuracies that misrepresent the anthropogenic climate change in her home state. As a lifelong Alaska she is deeply committed to diversify the economy from extractive industries. She said the calls from indigenous people has elevated the importance of tribal consultation.

MS DASHEVSKY described the Alaska Industrial Development and Export Authority (AIDEA) investment in state leases in

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ANWR as a reckless use of state funds and encouraged the legislature to develop a long term fiscal plan for the state that recognizes that oil is not the future. She concluded that transitioning from fossil fuel will bring innovation and talent to Alaska. She said HJR 12 does not speak for me, and it is not in the best interest of Alaskans.

5:18:36 PM

JULIE SMYTH, representing self, Fairbanks, Alaska, stated that she is Inupiaq and she is calling to oppose HJR 12. First, she believes the resolution is a waste of state resources because everyone who receives a copy can set it aside and ignore it. The legislature's time would be better spent tending to things it does control. Second, there have been many claims that the residents of the North Slope had ample opportunity to participate in the public process and they supported these projects, but that is not what she found when she went over the BLM testimony with people from Kaktovik and Arctic Circle. In fact, just one person from each village supported any kind of change and more were opposed. Most people were present to make claims about how dishonest the government and oil companies are to make comments about the caribou and indigenous relationships as well as relationships with other animals such as whales, fish, birds, moose, musk ox, and polar bears. questioned why there was not more research on animals. There were also several comments on preserving the indigenous way of life. She pointed out that when the traditional way of life is not preserved, people like her grandparents will have to move into urban areas and they will need financial support from the government.

5:21:08 PM

NAURI TOLER, representing self, Eagle River, Alaska, identified herself as Inupiaq. She paraphrased the third WHEREAS on page 4 that read as follows:

WHEREAS the North Slope Borough, representing the residents of the North Slope, including the Alaska Native residents of the Coastal Plain and the larger North Slope area, fully participated in the public process conducted by the Bureau of Land Management in the course of developing the 2020 Coastal Plain Oil

and Gas Leasing Program Record of Decision and supports the decision; and

MS. TOLER referenced the testimony during the 2/5/2019 BLM draft EIS public meeting in Kaktovik and highlighted that more than just a few testifiers talked about promises that hunting would be available in the Arctic refuge but it was not. She referenced a map with areas shaded in purple where lease sales would not occur and asked why the areas down to the coastline weren't excluded to accommodate calving. She said she wants it a matter of record that she believes the EIS process was fast-tracked and given insufficient time. She only heard about the public meeting in Kaktovik the day before it happened and information was not available for review until the meeting was underway. She noted that Kaktovik residents signed petitions opposing the lease sales. One petition was signed by 61 residents. She stated for the record that she opposes oil development and she opposes HJR 12. She said the invited testimony was very one-sided and she hopes the committee understands that Mr. Rexford represents a corporation and not the community.

5:23:26 PM

MAX PLICHTA, representing self, Fairbanks, Alaska, stated he is an ecologist who lives and works in the Interior and the North Slope. He urged the committee to oppose HJR 12 regarding the Coastal Plain lease sale in the Arctic National Wildlife Refuge (ANWR) and the opposition designating the refuge as a national monument. He said it has been well documented that the 1002 area has a unique and large degree of ecological diversity as opposed to other similarly sized areas in the region. He also pointed out that it is well documented that the Arctic is and will continue to be disproportionately affected by climate change. He offered his belief that since the majority of the North Slope is already open to current and future oil and gas exploration, it is appropriate to protect the 1002 area for wildlife, climate change, and future generations.

5:24:41 PM

CHAIR REVAK closed public testimony on HJR 12. He urged any interested parties to submit their written testimony to the committee at sres@akleg.gov.

5:25:15 PM

At ease

5:26:36 PM

CHAIR REVAK reconvened the meeting and stated he would entertain amendments.

5:26:54 PM

SENATOR KIEHL moved Conceptual Amendment 1.

Page 2, line 29 through page 3, line 1: Delete all material

CHAIR REVAK asked if there was objection.

SENATOR MICCICHE commented that he was not going to object because that WHEREAS clause has no value.

5:28:08 PM

CHAIR REVAK echoed the sentiment. Finding no objection, Conceptual Amendment 1 passed.

5:28:15 PM

SENATOR MICCICHE moved Conceptual Amendment 2.

Page 6, line 22:

Delete "Scott de la Vega, Acting" Insert "Deborah Haaland,"

5:28:24 PM

CHAIR REVAK objected for discussion purposes.

SENATOR MICCICHE explained that this reflects the current U.S. Secretary of the Interior.

5:28:57 PM

CHAIR REVAK removed his objection. Finding no further objection, Amendment 2 passed.

5:29:16 PM

SENATOR MICCICHE moved to report the {Senate} CS for CSHJR 12, work order 32-LS0413\I as conceptually amended, from committee with individual recommendations, attached fiscal note(s), and the authority for Legislative Legal Services to make drafting changes as needed.

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5:29:39 PM

CHAIR REVAK announced that without objection, SCS CSHJR 12(RES) moved from the Senate Resources Standing Committee.

5:30:17 PM

There being no further business to come before the committee, Chair Revak adjourned the Senate Resources Standing Committee meeting at 5:30 p.m.